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Sessional Committee I

DRAFT REPORT OF SESSIONAL COMMITTEE I

Rapporteur: Mr. Nikolay Beyazov (Bulgaria)

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INTRODUCTION

(i) At its 154th (opening) meeting, on 21 June 1990, the Committee on Shipping decided to establish a sessional committee of the whole (Sessional Committee I) to consider and report on the following agenda items:

Item 4: Economic co-operation among developing countries in the field of shipping, ports and multimodal transport

Item 5: Work programme.

(ii) At its 1st meeting, on 22 June 1990, Sessional Committee I elected the following officers:

Chairman: Mr. J. Nguema-Mba (Gabon)

Vice-Chairman-cum-Rapporteur: Mr. N. Beyazov (Bulgaria).

(iii) In the course of the session, Sessional Committee I held six plenary meetings. This report gives a brief account of the proceedings of those meetings.

((iv) At its 7th (closing) meeting, on 29 June 1990, the Sessional Committee adopted its draft report (TD/B/C.4(XIV)/SC.I/L.1) and recommended that it be incorporated, as appropriate, in the final report of the Committee on Shipping.)

Chapter I

ECONOMIC CO-OPERATION AMONG DEVELOPING COUNTRIES IN THE FIELD OF SHIPPING, PORTS AND MULTIMODAL TRANSPORT

(Agenda item 4)

1. For its consideration of agenda item 4, the Committee on Shipping had before it the following documents:

- Report of the Group of Experts on Economic Co-operation among Developing Countries in Shipping, Ports and Multimodal Transport (26-30 June 1989) (TD/B/C.4/321-TD/B/C.4/AC.10/3)
- "Economic co-operation among developing countries in the field of shipping, ports and multimodal transport: Overview of recent developments" - report by the UNCTAD secretariat (TD/B/C.4/324)
- "Experience of countries members of the European Communities in developing co-operation in the field of maritime transport" - report by the UNCTAD secretariat (UNCTAD/SHIP/624)
- "Experience of member countries of the Council for Mutual Economic Assistance in developing co-operation in the field of maritime transport" - report by the UNCTAD secretariat (UNCTAD/SHIP/625).

Consideration in Sessional Committee I

2. Introducing this item, the Deputy Director of the Shipping Division pointed out that the possibilities for increased co-operation among developing countries in the field of shipping, ports and multimodal transport had been considered by the Committee on Shipping and its working bodies. He outlined the recommendations prepared by the Group of Experts in June 1989, submitted to the Committee for its consideration and endorsement or any other appropriate action, and noted that the bulk of the recommendations related to operational activities, which constituted the essence of shipping activities.

3. He also drew attention to the supplementary report by the UNCTAD secretariat (TD/B/C.4/324) and to two further documents submitted to the Committee at its fourteenth session. These two reports, which had also been made available to the Group of Experts, reported on the experiences of countries members of the European Economic Community and of the Council for Mutual Economic Assistance respectively, in developing co-operation in the field of maritime transport. He considered that the recommendations made by the Group of Experts, which were before the Committee for its consideration and appropriate action, were generally sound and appropriate and, for the most part, commercially oriented.

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4. The spokesman for Group D (Poland) pointed out that the problem of co-operation among developing countries in maritime transport was not a new one. It had been considered at a number of sessions of the Committee and its working bodies. Thus any action in this field should take into account previous studies and resolutions adopted by these meetings. Referring to the recommendations of the Group of Experts held in June 1989, he said that they had been made in the interest of developing countries and therefore these countries should first express their attitude to the recommendations.

5. Noting the international nature of maritime transport and the fact that it was primarily serving international trade, he pointed out that attention should be paid not only to the development of international co-operation among developing countries in this field but also to international co-operation in maritime transport on a global scale, including co-operation between developing and developed countries.

6. He noted that the diversity of forms of co-operation among countries in the field of maritime transport reflected the different needs at governmental and company levels of members of the maritime community. He referred to the experience of Group D countries in co-operation among themselves and in co-operation with developing countries in the field of maritime transport. He pointed out that certain forms of economic co-operation established by Group D countries were open for participation for any country or foreign company and were not restricted to the founding members. He noted that only some of the recommendations submitted by the Group of Experts on Economic Co-operation among Developing Countries in Shipping, Ports and Multimodal Transport were addressed to UNCTAD.

7. The spokesman for Group B (United Kingdom) pointed to the improvements taking place in world shipping. He considered that further development of co-operation among developing countries in maritime transport was essential, and steps should be taken by the international community in order to assist the development of this co-operation. The possible financial implications of such actions should be clarified.

8. Finally he stressed that the problems to be considered by both Sessional Committees were closely connected and the decisions taken by one Committee might be important for the other. Thus, the decision-making process in Committees I and II should be co-ordinated.

9. The spokesman for the Group of 77 (Côte d'Ivoire) expressed his Group's appreciation to the other Groups which had endorsed the recommendations in the report of the Group of Experts on ECDC (TD/B/C.4/321). Moreover, he noted that if the recommendations were to be implemented it was very important for Governments to discuss the proposals during the current session of the Committee. He referred, in this connection, to the statements made by the Group of 77 in plenary.

10. The spokesman for the Group of 77 (Côte d'Ivoire) stated that his Group would be making proposals for further discussion in three areas. These were: (1) ECDC; (2) shipping policy and merchant fleet development; and (3) trade in services. For the first, which related to agenda item 4, the Group of 77 would propose that the Committee on Shipping endorse the report of the Group of Experts on Economic Co-operation among Developing Countries (TD/B/C.4/321) in order to help implement the recommendations. Furthermore, the Group of 77 would request that shipping organizations in developed countries assist with the organization of workshops and seminars that would bring together all groups in promoting ECDC.

11. Turning to the second area (merchant fleet development), the Group of 77 would propose that UNCTAD, in close co-operation with shipping experts, undertake a major study analysing structural and technological changes and their impact on all sectors of the maritime sector. The report should highlight the medium- and long-term implications of such changes for developing countries and should be submitted to the Committee on Shipping at its fifteenth session. Specific topics to be included were, inter alia, opportunities for financing fleet development and improvements, protection of shippers' interests, freight rates, and auxiliary costs. The merchant fleet development study should also consider the impact of trade liberalization policies and the benefits thereof for developing countries.

12. In addition, he stated that the Group of 77 would table a resolution requesting UNCTAD to continue its assistance in preparing case-studies in relation to the transport of commodities of interest to developing countries and its impact on national economies.

13. As for the third area, which focused on trade in services, the Group of 77 believed that a study on the economic impact of shipping services on developing countries should be undertaken but that this matter might be elaborated on further after the GATT discussions in September 1990.

Action by Sessional Committee I

14. At the 4th meeting, on 26 June 1990, the spokesman for the Group of 77 (Côte d'Ivoire) introduced a draft resolution on agenda item 4 on behalf of the States members of the Group of 77. (The text of the draft resolution was subsequently circulated in TD/B/C.4(XIV)/SC.1/L.2).

15. At the same meeting, the spokesman for Group B (United Kingdom) submitted a draft resolution on items 4 and 5 (see chap. II, para. 33 below).

(To be completed as appropriate)

Chapter II

WORK PROGRAMME

(Agenda item 5)

16. For its consideration of agenda item 5, the Committee on Shipping had before it the following documents:

- "Review of the work programme of the Committee" - report by the UNCTAD secretariat (TD/B/C.4/325)
- Review of Maritime Transport, 1987 (TD/B/C.4/319) and ibid., 1988 (TD/B/C.4/320)
- Final report of the Joint Intergovernmental Group Of Experts on Maritime Liens and Mortgages and related Subjects (TD/B/C.4/327-TD/B/C.4/AC.8/27)
- "Evaluation of the technical co-operation programme in the field of maritime and multimodal transport" - report by the UNCTAD secretariat (TD/B/C.4/331 and Add.1)
- "Projection of shipper interests: experiences in freight rate negotiations" - report by the UNCTAD secretariat (TD/B/C.4/332)
- "Developments in world shipping: imbalance between supply and demand in world shipping" - report by the UNCTAD secretariat (TD/B/C.4/333)
- "SHIPASSIST Directory" (UNCTAD/SHIP/196/Rev.2).

Consideration in Sessional Committee I

17. Introducing this item, the Deputy Director of the Shipping Division referred to TD/B/C.4/325, which related to the work programme of the Committee on Shipping in all areas except multimodal transport. With respect to each of these areas, one or several documents were being submitted for the consideration of the Committee. In the field of shipping policy, a report on the protection of shippers' interests (TD/B/C.4/332) elaborated on the experiences in freight rate negotiations in order to assist shippers' organizations, particularly in developing countries, in determining appropriate means of preparing for and conducting their negotiations with liner conferences.

18. Referring to the annual reviews of Maritime Transport for 1987 and 1988 (TD/B/C.4/319 and TD/B/C.4/320), as well as to TD/B/C.4/333 which had elaborated more specifically on the question of overcapacity and imbalance between supply and demand in world shipping, he said that those reports showed that the slump in world trade and shipping which had characterized most of the

past decade now appeared to have run its course and a general improvement had occurred during the last few years. This generally more healthy trend appeared to be continuing, as would be shown in more detail in the Annual Review of Maritime Transport 1989 which would be published within the next few weeks.

19. Speaking on the United Nations Convention on a Code of Conduct for Liner Conferences, he pointed out that the Shipping Division continued to receive requests from Governments and interested commercial parties, particularly shippers' organizations and national shipping lines of developing countries, for advice and guidance with regard to the implementation of the Convention. In this connection, he noted there appeared to be a need to revise the "Guidelines towards the application of the United Nations Convention on a Code of Conduct for Liner Conferences" (UNCTAD/ST/SHIP/1), which had been published in 1986, in the light of ongoing developments affecting world liner shipping, taking of course into account the conclusions and guidelines that might eventually result from the Review Conference.

20. He briefly reported on a study which UNCTAD was undertaking jointly with UNIDO on the maritime transport of timber and wood products and on developments within GATT on the question of trade in services, which was of considerable concern to delegations participating in the Committee.

21. Reporting on the activities of UNCTAD in technical co-operation and with regard to maritime training, he pointed out that the volume of UNCTAD technical co-operation and maritime training activities had continued to increase considerably in recent years. Training continued to be a major feature of this programme, involving in particular the TRAINMAR and IPP projects and the holding of ad hoc seminars on such subjects as Container Terminal Management, Financial Management and Pricing Policy, and the new project JOBMAR, whose aim was to facilitate on-the-job training. Another major activity in recent years had been the implementation of the first phase of an important subregional transport project entitled, "Transit traffic and support to the transport sector in southern Africa".

22. He also drew attention to the Sectoral Support Advisory Service which - through short-term missions by the Principal Adviser - provided a range of services covering the maritime field, trade facilitation and the use of computerized management information systems in the areas of trade, customs procedures and debt management.

23. With regard to the work programme of the Shipping Committee, the spokesman for the Group of 77 (Côte d'Ivoire) stated that his Group was particularly interested in policy issues dealing with protection of shippers' interests, protectionism, and possible future imbalance between supply and demand. He also repeated his Group's vital interest in the Review of Maritime Transport and its possible expansion.

24. Referring to the work programme of the Committee on Shipping and in particular to the problems of protection of shippers' interests, the spokesman for Group B (United Kingdom) pointed out that consultations between shippers and shipowners was the right mechanism to achieve a balance of interests. He also indicated that the annual Review of Maritime Transport was useful and should be continued.

25. Referring to the problem of combating fraud in shipping, the representative of the Netherlands informed the Committee that a "Maritime Fraud Platform" had recently been established in his country. The Platform was an informal contact group consisting, among others, of representatives of various police forces, the Ministry of Transport and of experts working in the private industry. Its purpose was to allow for an informal exchange of information and expertise between the participants in the Platform. The Platform had recently taken up preliminary consideration of ways and means of making its expertise available to interested developing countries. One way this could be done was by organizing special seminars in developing countries, perhaps in co-operation with UNCTAD.

26. Referring to the work programme of the Committee on Shipping, the spokesman for Group D stressed the importance of the secretariat's annual Review of Maritime Transport and said that its publication should be continued. There was a need to monitor the situation in world shipping and he requested the secretariat to carry out further studies on the imbalance between supply and demand. He also supported the proposal of the secretariat to update previous studies concerning implementation of the Code of Conduct for Liner Conferences.

27. The representative of China, referring to items 4 and 5, stated that, as a developing country, China fully appreciated the work undertaken within UNCTAD on ECDC and had always seen ECDC as beneficial. Not only would ECDC contribute to a solution of the supply and demand imbalance problem in world shipping, but it would help with China's own economic development. While structures and levels of economic development in developing countries might be

different, co-operation should be seen as a common interest, based on equality, mutual benefit and friendship, whereby developing countries could complement each other's strengths and weaknesses. China also appreciated the conclusions of the UNCTAD secretariat regarding protection of shippers' interests, and welcomed the formation of shippers' councils.

28. Although there had been positive changes in the supply and demand imbalance in world shipping over the past two years, he observed that the situation had not improved fundamentally. Therefore, all member countries should make efforts to reinstate stability. Furthermore, national fleets of developing countries had in recent years improved their participation in the world fleet, which was encouraging. However, their participation was still limited in comparison to the amount of goods transported by the merchant fleets of developed countries. Efforts should therefore also be made to develop and improve the participation of developing countries in world shipping.

29. China supported the convening of a diplomatic conference on maritime liens and mortgages, at an appropriate time and within the budgetary limits. Items to be discussed at the Conference should be given to member countries well in advance. China would also like to see further discussion in relation to the arrest of ships but this should occur only after the convention on liens and mortgages had been adopted. Finally, referring to the forthcoming session of an international working group to discuss the problem of ship leasing contracts (bareboat charters), he said that a report of the discussions would be necessary to help clarify this confusing issue.

30. The spokesman for Group D (Poland) stressed that the discussions on the work programme and decisions on priorities should be linked with the main items of the agenda for the fifteenth session of the Committee on Shipping. In this connection, Group D suggested that the structural changes in world shipping should be one of the main subjects to be considered at the fifteenth session. It would reflect the vital necessity for a balanced development of the world maritime industry. He also suggested that a separate report on the imbalance between supply and demand in world shipping should be prepared by the UNCTAD secretariat.

31. The spokesman for Group B (United Kingdom) pointed out the necessity of establishing priorities in the work programme within available resources, having regard to the agenda for the fifteenth session of the Committee on Shipping. Recalling the proposals made by the spokesmen for Group D and for

the Group of 77, he suggested that a list of priorities should be made. In preparing this list the progress of discussions in Sessional Committee II should be taken into consideration.

32. Noting that maritime transport services would be considered in GATT in the context of the Uruguay Round only after the current session of the Committee on Shipping, he proposed that discussion of trade in services be postponed until the fifteenth session of the Committee. He also supported the proposal to include in the agenda of the fifteenth session of the Committee an item on structural changes in world shipping.

Action by Sessional Committee I

33. At the 4th meeting, on 26 June 1990, the spokesman from Group B (United Kingdom) introduced a draft resolution on agenda items 4 and 5 on behalf of the States members of Group B. (The text of the resolution submitted by Group B was subsequently circulated in TD/B/C.4(XIV)/SC.1/L.4.)

34. Referring to the items proposed for the agenda of the fifteenth session of the Committee on Shipping, he stated the view of Group B that the fifteenth session should be devoted to (i) the UNCTAD work programme, in particular, its work programme in the field of multimodal transport; (ii) monitoring the current situation in world shipping; and (iii) review of the port activities of the UNCTAD secretariat.

35. At the 5th meeting, on 27 June 1990, the spokesman for the Group of 77 (Côte d'Ivoire) introduced, on behalf of the States members of the Group of 77, a draft resolution on agenda item 5 (TD/B/C.4(XIV)/SC.1/L.3). Also under item 5, he introduced a draft resolution, on behalf of the States members of the Group of 77, relating to "Maritime liens and mortgages". (The text of this draft resolution was subsequently circulated in TD/B/C.4(XIV)/SC.1/L.5.)

(To be completed as appropriate)